Docket Nos. 02-0798/03-0008/
03-0009 (Consolidated)
ICC Staff Exhibit 10.0R

REVISED REBUTTAL TESTIMONY

of

THERESA EBREY

Accountant
Accounting Department
Financial Analysis Division
Illinois Commerce Commission

Central Illinois Public Service Company, d/b/a AmerenCIPS
and
Union Electric Company, d/b/a AmerenUE

Proposed General Increase in Gas Rates

Docket Nos. 02-0798, 03-0008, 03-0009 (Cons.)

June 17, 2003

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Witness Identification

Q. Please state your name and business address.

A. My name is Theresa Ebrey. My business address is 527 East Capitol Avenue, Springfield, Illinois 62701.

Q. Have you previously provided testimony in this proceeding?

A. Yes, my direct testimony is ICC Staff Exhibit 3.0.

Q. What is the purpose of your rebuttal testimony?

A. I am presenting rebuttal testimony addressing the Cash Working Capital and Materials and Supplies issues as discussed in the rebuttal testimony of AmerenCIPS/UE (“Ameren,” “Company” or, jointly “Companies”) witness Nagendra Subbakrishna. (AmerenCIPS/UE Exhibit No. 17.0.)

I am also presenting rebuttal testimony addressing Uncollectibles Expense as discussed in the rebuttal testimonies of Ameren witnesses Jimmy L. Davis (AmerenCIPS/UE Exhibit No. 11.0 (Revised)), Thomas G. Opich (AmerenCIPS/UE Exhibit No. 14.0) and Laurie H. Karman (AmerenCIPS/UE Exhibit No. 22.0).

In addition, I am presenting rebuttal testimony addressing Advertising Expense and Income Tax Expense as discussed in the rebuttal testimony of Ameren witness Thomas G. Opich. (AmerenCIPS/UE Exhibit No. 14.0.)

Finally, I am presenting rebuttal testimony addressing the Accumulated Deferred Income Tax adjustment presented in the direct testimony of AG witness Effron.

Q. What is your understanding of adjustments you proposed in direct testimony that the Companies are not opposing?

A. It is my understanding that the Companies are not opposing the adjustments proposed to Charitable Contributions (AmerenCIPS), Membership Dues (AmerenCIPS) and Customer Deposits and Interest on Customer Deposits (AmerenCIPS and AmerenUE).

Q. Are you sponsoring any schedules as part of ICC Staff Exhibit 10.0?

A. Yes, I have prepared the following schedules relating to the Companies, which show data as of, or for the test year ending June 30, 2002:

Schedule 10.1 CIPS	Adjustment to Cash Working Capital
Schedule 10.1 UE	Adjustment to Cash Working Capital
Schedule 10.2 CIPS	Adjustment to Materials and Supplies
Schedule 10.2 UE	Adjustment to Materials and Supplies
Schedule 10.3 CIPS	Adjustment to Uncollectibles Expense
Schedule 10.3 UE	Adjustment to Uncollectibles Expense
Schedule 10.4 CIPS	Adjustment to Advertising Expense
Schedule 10.4 UE	Adjustment to Advertising Expense
Schedule 10.5 CIPS	Adjustment to Charitable Contributions
Schedule 10.6 CIPS	Adjustment to Membership Dues
Schedule 10.7 CIPS	Adjustment to Customer Deposits and Interest

Schedule 10.7 UE	Adjustment to Customer Deposits
Schedule 10.8 CIPS	Adjustment to Income Tax Expense
Schedule 10.8 UE	Adjustment to Income Tax Expense

<u>Cash Working Capital</u>

Q. Please explain Schedules 10.1, Adjustment to Cash Working Capital.

A. Schedules 10.1 reflect my disallowance in total of Ameren's Cash Working Capital ("CWC").

Q. What is your rationale for disallowing Ameren's cash working capital?

A. The lead/lag study and thus the CWC adjustment for both AmerenCIPS and AmerenUE should be disallowed in their entirety due to the continued multiple flaws involved in the study, discussed in detail later in my testimony. The Companies in AmerenCIPS/UE Exhibit No. 17.0 corrected only three of the ten flaws listed in my direct testimony. However, some of the flaws involving changes to the methodology and raw data were not adequately addressed in Ameren's rebuttal testimony. In addition, as I further analyzed the mechanics of the lead lag study presented by the Companies in rebuttal testimony, I discovered additional flaws. In rate case filings the burden of proof lies with the utility seeking the rate increase and in the instant case, the Companies have failed to prove the need for the CWC requested. Thus, my rebuttal position continues to disallow Ameren's request for CWC.

Q. Please identify the flaws you found in the Companies' CWC position in your direct testimony.

A. Following are the flaws identified in ICC Staff Exhibit 3.0:

1. CWC requirement improperly reflected for all operating revenues (resolved);
2. Unnecessary separate lag for purchased gas adjustment ("PGA") revenues;
3. Improper calculation for gas purchases included in PGA calculation based upon a three month true-up lag rather than a two month lag;
4. Improper inclusion of fuel costs;
5. Improper inclusion of non-cash items (resolved);
6. Improper inclusion of non-Illinois property in real estate calculation and improper inclusion of more than one year of taxes for some parcels of property;
7. Inappropriate inclusion of float for payroll (resolved);
8. Inconsistently applied mid-point theory;
9. Inappropriate obligation date theory; and
10. Lack of recognition of Service Company involvement with cash flow.

Q. How were flaws 1, 5, and 7 above resolved by the Companies in their rebuttal positions?

A. The Companies suggest that their rebuttal position reflected acceptance of seven of the ten flaws pointed out by Staff. However, only three of the flaws have been corrected in the Companies' revised lead/lag study. The Companies have resolved flaw 1 above by utilizing a net lag approach in their lead/lag analysis. By excluding uncollectibles expenses and amortization of rate case expenses from other operations and maintenance expenses, flaw 5 has been resolved. The Companies have also resolved flaw 7 by excluding float from the payroll analysis. (AmerenCIPS/UE Exhibit No. 17.0, p. 4.)

Q. Have the Companies made other changes in their rebuttal testimony addressing the flaws?

A. Yes. The Companies also proposed the following changes:

1. Revision of PGA Revenue Lag;
2. Revision of expense lead-time for real estate taxes;
3. Use of mid-point approach for Group Health Insurance expense;
4. Use of mid-point approach for Group Life Insurance expense;
5. Inclusion of only one year of data for real estate taxes;
6. Inclusion of only one year of data for corporate franchise taxes;
7. Revision of expense lead-time for ICC Gas Revenue ("PUF");
8. Revision of expense lead-time for Gas Revenue Tax; and

9. Addition of 15.21 days invoice processing lead-time for other operations and maintenance expenses.

PGA Revenue Lag

Q. What is your position regarding the PGA Revenue lag?

A. My position remains that it is unnecessary to use a separate lag for PGA revenues. As stated in my direct testimony, each customer receives only one bill each month, which includes PGA charges, as well as all other charges for gas service. Each customer only makes one payment for those bills, not a separate payment for the PGA portion. Therefore, there is no different lag to be considered for PGA revenue.

Q. If the Commission were to decide that a separate PGA revenue lag is appropriate, what is your opinion of the calculation presented by the Companies?

A. The Companies' calculation is flawed and would have to be corrected as suggested in the discussion below, if the Commission decides a separate PGA lag is appropriate in this analysis.

Q. What is your understanding of the Companies' revised PGA Revenue Lag calculation?

A. The Companies corrected the error from their direct testimony position by reducing the three-month lag used in the initial calculations and using a two-month lag for the PGA revenue calculation. However, the calculations in the revised work papers and described in AmerenCIPS/UE Exhibit No. 17.0 use Schedule II, line 9 from the monthly PGA filings for the test year. What the Ameren witness fails to understand is that the amounts shown on Schedule II, line 9 on the monthly PGA filings are not the amount of under(over) recovery attributable to any given month. The amounts shown on Schedule II, line 9 of the monthly PGA filings represent the Adjusted under(over) recovery amounts for a given month plus the Total Unamortized Balance of Adjustments, including Interest from a previous filing month. The calculation in effect is double counting unamortized amounts as well as interest on those amounts.

Q. Is there a more appropriate amount that is representative of the actual incremental under(over) recovery for a given month?

A. Yes. Referring to the Companies' monthly PGA filings, Schedule II, line 3 is the "under/(over) recovery of gas costs for the period." Substituting data from Schedule II, line 3 of the monthly PGA filings in the Companies' spreadsheets, proves that the PGA lag has only a slight impact on the Revenue lag, as presented on line 8 of Attachment B for AmerenCIPS and Attachment D for AmerenUE.

Q. Do you offer other support that Schedule II, line 3 is the appropriate source for data to be used in the PGA Revenue lag calculation?

A. Yes. In response to Staff data request CIPS-TEE-092, Ameren indicated that it makes monthly journal entries recording the over/under PGA recoveries. Included in response to Staff data request CIPS-TEE-093 were work papers supporting those journal entries for the test year. The amounts for the monthly over/under recoveries correspond to the amounts on Schedule II, line 3 of AmerenCIPS' monthly PGA filings, indicating that those are the monthly incremental amounts of over/under recoveries.

Q. Is there other evidence to support your contention that Ameren is using the incorrect amount in its calculation?

A. Yes. According to the Companies' revised work papers, 66.4 % of the AmerenCIPS PGA Revenue (Weight on True-Ups) is not charged to customers until two months after the costs are incurred, with only 33.6% (Weight on Residual) charged in the month estimated (Attachment A). For the AmerenUE PGA Revenue, 60.6% (Weight on True-Ups) is charged two months after costs are incurred with 39.4%(Weight on Residual) charged in the month estimated (Attachment C).

The PGA mechanism was developed so that the estimated recoveries in any given month offset 100% of the estimated gas costs for that month. If a utility is not charging 2/3 of its costs until two months after they are incurred, which the Companies' analyses would indicate, the PGA estimation process used by the utility needs to be revised. Ratepayers should not have to fund the flaws in the Companies' PGA estimation process.

Real Estate Expense Lead

Q. Do you agree with the Companies' revisions to the real estate expense lead-time?

A. While I agree with the Companies' revised methodology to use a mid-point in calculating the lead-time associated with real estate taxes, the calculation is flawed. For the final three areas listed on the revised AmerenCIPS work paper, Woods County, East Carroll Parish, and West Carroll Parish, the Weighted Lead Times are based on the difference between the beginning of the Start Date and End Date of the period rather than the difference between the midpoint of the period and the check date as all other areas are calculated.

Group Health Insurance Expense Lead

Q. Do you agree with the Companies' revisions to the Group Health Insurance expense lead-time?

A. While it appears the Companies are correctly using the mid-point methodology for this area, there appears to be a typographical error and thus incorrect calculations in the spreadsheet. The charges for Healthlink Open Access and PPO with coverage Beginning Dates of 3/1/02 also both show Coverage Ending Dates of 3/31/2001. Since the beginning date is eleven months after the ending date, there appears to be an error. The error results in incorrect Total Lead Time for Group Health Administrative fees.

Group Life Insurance Expense Lead

Q. Do you agree with the Companies' revisions to the Group Life Insurance expense lead-time?

A. No. The work papers provided in response to CIPS and UE-TEE-086 indicate that the calculation for AmerenCIPS Group Life Insurance continues to use the invoice date for measurement rather than the Check Date. The work papers supporting the AmerenUE lead/lag study appropriately use the Check Date as the measurement date for lead-time.

Real Estate Tax Data

Q. The Companies state that they are now using only one year of real estate tax data in their analysis. Do you agree?

A. No. For the AmerenCIPS calculation, both tax years 1999 and 2000 for Jackson County are included in the calculation. While both may have been paid in 2001, only one year's expense should be included in the cash working capital calculation.

Corporate Franchise Tax Data

Q. The Companies state that they are also now using only one year of data for corporate franchise tax. Do you agree?

A. While I agree with the Companies' revision to only include corporate franchise taxes for one year, the Companies' calculations include payment of the taxes 15 days (AmerenCIPS) and 17 days (AmerenUE) before the actual due dates for the respective payments. This prepayment decision on the part of the Companies should not be passed on to ratepayers through a cash working capital requirement.

Pass-Through Taxes

Q. Do you agree with the revisions of expense lead-times for the PUF Tax and the Gas Revenue Tax?

A. No. Ameren should consistently use the mid-point theory in calculating lead times for all costs, which encompass a period of time, including pass-through taxes.

Q. How have the Companies treated these pass-through taxes in their analysis?

A. The Companies are inconsistent in the treatment of pass-through taxes. While the Companies describe both the PUF Tax and the Gas Revenue Tax as "pass-through taxes to which no mid-point method was applied" (AmerenCIPS/UE Exhibit No. 17.0, p. 13), the methodologies used to calculate the Nominal Lead-Time for these two similar taxes are different. The PUF Tax Nominal Lead Time is based on both post-paid and pre-paid lead-times. The Gas Revenue Tax Nominal Lead Time is calculated as the difference between the beginning of Period Date and the Check Date as presented on the revised Ameren CWC lead/lag study work papers.

Q. How has Ameren treated other “pass-through” taxes for purposes of calculating a CWC requirement?

A. While there are apparently four different types of pass-through taxes included in the analysis, three different methods of computing the Total Lead Time have been used. In response to Staff data request CIPS-TEE-044, the Company indicated that in addition to the PUF Tax and Gas Revenue Tax, other pass-through taxes include Gross Receipts Tax and Energy Assistance Charges. For the Gross Receipts Tax, the Company based the Nominal lag on 12 payments made per year with no consideration given to the actual dates paid. For the Energy Assistance Charges, the Company used the difference between the check date and the beginning of the liability period with no consideration given to the period of time covered.

Q. Do you have any other comments regarding the Companies’ discussion of the PUF Tax and Gas Revenue Tax?

A. Yes, the Company misrepresents Staff’s position regarding the appropriate calculations for PUF Tax and Gas Revenue Tax stating that Staff suggested the methodology the Companies utilized in the revised analysis for these two taxes. My discussion in ICC Staff Exhibit 3.0, page 8 only points out the inconsistencies in the Companies’ application of the mid-point theory; I did not suggest the revisions the Companies made in their rebuttal testimony to calculate the CWC requirement related to PUF and Gas Revenue Taxes.

Invoice Processing Lead Time

Q. Describe your understanding of the addition of 15.21 days invoice processing lead-time for other operations and maintenance expenses included in the Companies' revised lead/lag study?

A. The Companies, in an attempt to consider the obligation dates in their analyses, arbitrarily added 15.21 days invoice processing lead-time for other operations and maintenance expenses. However, the Companies offer no support for this number other than to provide a calculation (365/12/2) and to state that it is now consistent with the expense lead-time calculation for fuel expense. This change is inconsistent with the response to Staff data request CIPS andUE-TEE-081 provided on May 14, which states:

> Vendors typically provide an invoice on or around the date on which a good is provided. From the experience of the Companies' most vendors of goods tend to follow this practice.

Q. Do you have any other comments regarding the Companies' discussion of the Obligation Date Theory in AmerenCIPS/UE Exhibit No. 17.0?

A. Yes. The Company misrepresents Staff's position regarding the appropriate application of the Obligation Date Theory stating that Staff suggested the issue was a matter of inconsistency between fuel expense and other operations and maintenance expense. To the contrary, Staff's position in ICC Staff Exhibit 3.0 is that the Companies were consistent in their treatment for these expenses in that the specific delivery dates were not considered in the analyses of either of these expense categories. (ICC Staff Exhibit 3.0, p. 9.) With no consideration given to the receipt of goods or services other than an arbitrary, unsupported amount, the Companies' analyses can be given little, if any, consideration in the development of a CWC requirement.

Fuel Expense

Q. What is your current position with regard to the inclusion of fuel expense in the lead/lag study?

A. Upon further consideration, it would seem appropriate to include a component for fuel expense. However, based on the concerns with Ameren's analyses identified below, and with the limited time available for further review, I cannot recommend approval of the CWC requirement for fuel costs.

Q. Does the analysis performed by Ameren support the CWC requirement for fuel expense?

A. No. In response to Staff data request CIPS-TEE-065, Ameren provided copies of all invoices listed on AmerenCIPS work paper WPB-5.2a-35. The review of those invoices revealed the following concerns:

1. Twenty-three of the sixty-four invoices listed ($6.903 million) were for AmerenUE fuel (PGA) costs.

2. One invoice ($1.263 million) was for Interchange Sales, a cost of electric operations.

3. Twenty-seven of the sixty-four invoices listed ($9,330 million) were outside the test year.

4. Two of the invoices listed ($.611 million) were charges for facilities built by NGPL.

5. Four of the invoices listed ($.877 million) were not supported by Ameren.

6. In reviewing the entire analysis for fuel (PGA) expense, 341 of the 604 invoices listed were outside the test year, with dates ranging from 11/99 – 8/02.

Q. Do you have similar concerns with the AmerenUE analysis?

A. Yes. In reviewing the analysis performed for AmerenUE, the following concerns were noted:

1. Fourteen of the invoices provided in support of the AmerenCIPS analysis ($3,184 million) were also included in the AmerenUE analysis.

2. Nine of the invoices listed in 1. above ($2,372 million) were for AmerenCIPS fuel (PGA) costs.

3. Two of the invoices listed in 1. above ($.611 million) were for facilities built by NGPL.

4. In reviewing the entire analysis for fuel (PGA) expense, 108 of the 181 invoices listed were outside the test year, with dates ranging from 11/99 – 7/02.

5. It appears that the invoices are not limited to the AmerenUE jurisdictional gas charges. The invoices for the test period alone total $23,726 million which is 151% more than the total fuel (PGA) expense ($9,434 million) included in AmerenUE's filing in this docket.

Q. What is your opinion regarding the calculation of the Nominal Lead-Time as provided on the Companies' revised cash working capital lead/lag study work papers?

A. My position remains that the Companies fail to appropriately apply the obligation date theory. (ICC Staff Exhibit 3.0, p. 9.) Ameren continues to use the arbitrary 15.21 service lag and adds to that the number of days between the invoice date and the check date to calculate the nominal lead-time for fuel expense. Review of the invoices provided in response to Staff data request CIPS-TEE-065 clearly indicates delivery dates for the fuel invoiced. While some deliveries were fairly evenly spread throughout the month, other deliveries occurred in only a couple of days during the month. A thorough analysis of fuel costs should take these various delivery dates into consideration.

Q. What is your opinion regarding the Companies' analyses regarding the CWC requirement for fuel expenses?

A. Since the CWC requirement for fuel expense is 87% of the total revised AmerenCIPS CWC requirement ($6,451/$7,386) and the CWC requirement for fuel expense is 79% of the total revised AmerenUE CWC requirement ($663/$840), the data used to develop the CWC factors for fuel expense warrant more intense review than other expense areas on a materiality basis. Based on the concerns identified above, little, if any, weight can be given to the analyses conducted by the Companies in developing the CWC requirements for fuel expenses.

Q. In summary, what is your recommendation regarding Ameren's CWC requirement for fuel expense?

A. Due to the continued flaws relating to the concerns noted above regarding the data used in developing the Total Lead Time, as well as the calculation of the nominal lead time, the Companies' analyses do not support the lead-time. Therefore, no allowance for fuel expense should be included in the CWC requirement.

Materials and Supplies

Q. Please explain Schedules 10.2, Adjustments to Materials and Supplies.

A. Schedules 10.2 reflect my rebuttal testimony position to reduce the Companies' test year materials and supplies inventory balance for the amount of average materials and supplies included in accounts payable. The Companies revised the Materials and Supplies amounts to be included in rate base in the Schedules on AmerenCIPS Exhibit No. 14.2, and AmerenUE Exhibit No. 14.2.

Q. What is your understanding of the Companies' position with regard to Materials and Supplies as adjusted in your direct testimony?

A. The Companies recommend that Staff's adjustment to Materials and Supplies be accepted only if the Commission also approves an appropriate amount of cash working capital in rate base. (AmerenCIPS/UE Exhibit No. 17.0, p. 21.) The Companies are erroneously trying to tie two distinct elements of working capital together. Cash working capital is an expense-based component of rate base, while Materials and Supplies Inventories are an asset-based component of rate base.

Q. How has the Commission previously treated adjustments to Materials and Supplies and Cash Working Capital?

A. The Order in Illinois Power Company Docket Nos. 99-0120/99-0134 (Cons.), cited by Company witness Subbakrishna (AmerenCIPS/UE Exhibit No. 17, p. 21), states:

> The Commission notes that Staff's adjustment pertains only to the inventory portion of materials and supplies, not to the expense portion. Therefore, Staff's adjustment is not already reflected in the cash working capital allowance and does not result in double accounting of accounts payable. Accordingly, Staff's adjustment is reasonable and is approved.

This Order clearly supports Staff's position that the Materials and Supplies adjustment is asset-based, distinct from the expense-based cash working capital adjustment. The Commission has agreed with the reasoning presented by these adjustments and has accepted such adjustments in the past as evidenced by Commission Orders listed in ICC Staff Exhibit 3.0, page 12.

Uncollectibles Expense

Q. Please explain Schedules 10.3, Adjustments to Uncollectibles Expense.

A. Schedules 10.3 reflect my adjustments to uncollectibles expense applying the five-year average rate to the Companies' requested revenue consistent with that proposed in Staff's direct testimony.

Q. The Companies present AmerenCIPS/UE Exhibit No. 11.4 (Rev.), which reflects NYMEX gas futures prices for various time periods. The Companies further state that the price of gas is trending upwards. (AmerenCIPS/UE Exhibit No. 22.0, p. 4.) How do you respond to this argument?

A. Staff witness Lounsberry, in ICC Staff Exhibit 11.0, is addressing Ameren's reliance on future gas prices, as they relate to uncollectibles expense.

Q. Do you find Ameren's rebuttal testimony regarding uncollectibles expense convincing?

A. No. Ameren claims that using a five-year average to calculate uncollectibles expense does not consider rising gas prices. That statement would be true if Staff's five-year average were based strictly on the amount of expense recorded in the five-year period. However, Staff's calculation is an average of the uncollectibles rate calculated as a percentage of revenues over the most recent five-year period. That percentage is then applied to the actual test year revenues to calculate uncollectibles expense for the test year. Since both AmerenCIPS and AmerenUE utilize purchased gas adjustment clauses, those revenues are directly related to the cost of gas. In response to Staff data request CIPS and

UE-TEE-087, Ameren acknowledges that Staff's adjustments are based on the percent of revenues method, which takes into account both the level of uncollectibles expense and the level of gas revenues for the test year.

Q. Ameren presents various graphs and discussion of economic indicators suggesting a correlation between the strength of the economy and the ability of customers to pay their bills. (AmerenCIPS/UE Exhibit No.22.0, pp. 4-8.) How do you respond?

A. The Company selected a historical test year as the basis for its requested revenue increase in this proceeding. My understanding is that using forecasted information as the basis for adjustments in a historical test year is not permitted. The Commission's Standard Filing Requirements, 83 Ill. Admin. Code 285, Section 150 (e), allow for pro forma adjustments for all known and measurable changes in the operating results of a historic test year or if the changes are determinable. Therefore, my adjustment, based upon the historical experience of actual revenues and uncollectibles expense, is appropriate.

Q. Has the Commission previously approved the percent of revenues methodology for calculating uncollectibles expense?

A. Yes. The percent of revenues methodology is consistent with that approved in the Orders in Illinois Power Company, Docket No. 99-0120; Consumers Illinois Water Company, Docket No. 99-0288; AmerenCIPS and AmerenUE, Docket No. 00-0802; Lake Wildwood, Docket No. 01-0663; and MidAmerican Energy Company, Docket No. 01-0696.

Q. How does your adjustment to uncollectibles expense compare to Attorney General ("AG") witness Effron's adjustment in AG Exhibit 1.0P, Schedule C-2?

A. Our adjustments are similar, in that they normalize uncollectibles expense over a five-year period. However, since my adjustment reflects an average of both the expense and revenue components, it should be adopted instead of Mr. Effron's, since his adjustment only averages the expense amounts and does not account for the cost of gas.

Advertising Expense

Q. Please explain Schedules 10.4, Adjustments to Advertising Expense.

A. Schedules 10.4 reflect my adjustments to advertising expense which disallow both out-of-period costs and costs which do not reflect an ongoing level of expense.

Q. What is your understanding of the Companies' arguments regarding Staff's Advertising Expense adjustments?

A. The Companies' argument is two-fold. First, the Companies claim that if an expense has been paid during the test year, that is reason enough to include it in a reasonable level of expense. The costs in question pertain to the Notice of Filing the reconciliation of revenues and costs under AmerenCIPS' and AmerenUE's Environmental Adjustment Clauses. These Notices ran in Illinois newspapers in mid-July 2001 for the 2000 reconciliation period and again in late April and early May 2002 for the 2001 reconciliation period. Since these reconciliations are performed annually, it is not reasonable to include two years of expense for the Notices of Filing based solely on the fact that the payments were both made during the test year.

Q. What is the Companies' second argument with regard to Advertising Expense?

A. The Companies state that since a Notice of Filing is required for these rate cases, that expense should be recouped in rates being set. This type of cost is not representative of an on-going level of expense, since rate cases are not filed on an annual basis and, therefore, should be disallowed.

Charitable Contributions

Q. Please explain Schedule 10.5 CIPS, Adjustment to Charitable Contributions.

A. Schedule 10.5 CIPS reflects my adjustment to remove items from the AmerenCIPS' operating expenses because the contributions are promotional, political in nature, specific to the Electric Industry, specific to AmerenUE, or Chamber of Commerce related events. AmerenCIPS's adjusted amount for Charitable Contributions reflected on AmerenCIPS Exhibit No. 14.5 and discussed on pages 2-3 of AmerenCIPS/UE Exhibit No. 14.0 accepts Staff's adjustment. Since Ameren CIPS accepted Staff's level of Charitable Contributions in its rebuttal position, Staff's adjustment is now shown as zero.

Membership Dues

Q. Please explain Schedule 10.6 CIPS, Adjustment to Membership Dues.

A. Schedule 10.6 CIPS reflects my adjustment to remove certain community organization dues from AmerenCIPS' recoverable miscellaneous general expenses not necessary in providing utility service. Ameren's adjusted amount for Membership Dues Expense reflected on AmerenCIPS Exhibit No. 14.5 and discussed on pages 2-3 of AmerenCIPS/UE Exhibit No. 14.0 accepts Staff's adjustment. Since AmerenCIPS accepted Staff's level of Membership Dues in its rebuttal position, Staff's adjustment is now shown as zero.

<u>Customer Deposits and Interest Expense</u>

Q. Please explain Schedules 10.7, Adjustment to Customer Deposits and Interest Expense.

A. Schedules 10.7 reflect my adjustments to reflect in AmerenCIPS and AmerenUE's test year rate base the 13-month average balance of customer deposits. Ameren's adjusted amounts for Customer Deposits and Interest Expense, Ameren CIPS Exhibit No. 14.6 and AmerenUE Exhibit No. 14.6 as discussed on pages 2-3 of AmerenCIPS/UE Exhibit No. 14.0, accepts Staff's adjustments. Since the Company accepted Staff's levels of Customer Deposits and Interest Expense in its rebuttal position, Staff's adjustments are now shown as zero.

<u>Income Tax Expense</u>

Q. Please explain Schedules 10.8, Adjustment to Income Tax Expense.

A. Schedules 10.8 present my proposed adjustments to correct AmerenCIPS' and AmerenUE's test year income tax expense.

Q. In AmerenCIPS/UE Exhibit No. 14.0, page 22, the Company states, "[t]he Staff's calculation fails to reflect the Schedule M tax deductions." How do you respond?

A. In response to Staff data requests CIPS TEE-095 and UE TEE-095, the Companies indicated that all "Other Deductions" considered in their income tax calculations were the result of temporary differences. Thus, those items should not be considered for ratemaking purposes.

Q. Why should only those items resulting from permanent differences be reflected in the income tax expense calculation for ratemaking purposes?

A. Since Illinois is a tax normalization state for ratemaking purposes, items that are the result of a temporary difference such as depreciation expense for tax purposes versus book purposes are not considered in calculating the total income tax expense for the test year.

Q. Is there any other reason why your adjustment should be approved?

A. Yes. The Staff Revenue Requirement model calculates the income tax effect of each adjustment independently of any other adjustments. Column F on Schedule 1.1UE titled "Staff Gross Revenue Conversion Factor" makes corrections to the Company-proposed increase to reflect the grossed-up income needed to achieve the increased net income proposed by the Company as well as the applicable income taxes. Staff's model assumes the income taxes reflected in Column B, Company Pro Forma Present, reflect the appropriate taxes for the income before taxes calculated in that column. The taxes provided in the Companies' Schedules C-1, Column D do not reflect the correct amount of income taxes.

Q. How does this method differ from that used by AmerenUE?

A. AmerenUE, in its calculations, attempted to combine the impact of negative taxes on the Net Loss on Operations as Adjusted at Present Rates with its calculation of the Revenue Deficiency (AmerenUE WPA-3) resulting in the Proposed Increase (AmerenUE Schedule C-1, column (E)). AmerenUE, in effect, attempted to combine the negative income taxes on its net loss with the calculation of the proposed increase. By combining these amounts, the Company AmerenUE has understated the proposed increase needed to result in the net income and return on rate base it is requesting.

<u>Accumulated Deferred Income Tax</u>

Q. In your direct testimony, you had concerns about the AmerenUE IRS Income Tax audit and its impact on this rate case. Have those concerns been addressed?

A. Yes. AmerenUE provided the journal entries it made in March 2003 to record the adjustment in Accumulated Deferred Income Tax ("ADIT") resulting from the audit. All of the items adjusted related to electric operations and thus have no impact on this rate filing.

Q. What is your position regarding AG witness Effron's adjustment to ADIT?

A. I recommend that the adjustment to ADIT proposed by Mr. Effron be accepted by the Commission.

Q. What is your understanding of AG witness Effron's adjustment to ADIT?

A. AG witness Effron proposed an adjustment to Accumulated Deferred Income Taxes, which increases ADIT and therefore decreases rate base for those items that are not recognized in the calculation of rate base.

Q. What does the Company offer in response to Mr. Effron's adjustment?

A. In AmerenCIPS/UE Exhibit No. 14.0, Company witness Opich argues that Mr. Effron's proposal is asymmetrical, only adjusting for debit balances associated with ADIT. However, the Company is mistaken as it is obvious from the review of AG Exhibit 1.0P that the portion of the adjustment relative to Pension Expense, included in the total amount adjusted, is a credit balance.

Q. Does the Company offer other evidence that Mr. Effron's proposed adjustment should be rejected?

A. Yes. The Company cited two Illinois Power Company dockets (Docket Nos. 89-0276 and 01-0432) it believes supports the premise that the entire balance of the reserve for deferred taxes should be deducted from rate base, without selective adjustment for individual items.

However, the Company misrepresents the findings in Docket No. 89-0276. The Order in Docket No. 89-0276 states that "…accepted rate base adjustments pertain to revision of various deferred tax balances…" which are itemized on pages 139-140 of Staff's Initial Brief in that docket. (Order, Docket No. 89-0276, p. 6.) In the current case, the language from the Order in Docket No. 89-0276, quoted on page 8, lines 172-176 of AmerenCIPS/UE Exhibit No. 14.0 pertains to only a single contested adjustment for ADIT related to an enhanced retirement program. It does not speak to the appropriateness of those eight other ADIT items approved in the Order in Docket No. 89-0276.

The circumstances behind the Order in Docket No. 01-0432 differ from the instant case in that GCI , an intervener, only reduced ADIT for four separate debit balances without considering any credit balances, which could also be considered for adjustment.

In contrast, the Docket No. 01-0423, cited by Mr. Effron, clearly supports his adjustment stating: “The Commission agrees with GCI and concludes that it is appropriate to remove the five ADIT items from the Company’s rate base.” Selective adjustments of individual items can be appropriate.

Q. In summary what is your position with regard to AG witness Effron’s ADIT adjustment?

A. Mr. Effron appropriately considered both debit and credit balances in formulating his adjustment to ADIT. The amounts included in his adjustment are for those items not allowed for ratemaking purposes and therefore the associated ADIT should likewise be omitted. The Commission should accept Mr. Effron’s proposed adjustment to ADIT.

<u>Conclusion</u>

Q. Does this question end your prepared rebuttal testimony?

A. Yes.

Docket 02-0837/03-0008/
03-0009 (Consolidated)
ICC Staff Exhibit 10.0R
Attachment A

AMEREN CORPORATION
CENTRAL ILLINOIS PUBLIC SERVICE
CASH WORKING CAPITAL/LEAD-LAG STUDY
CALCULATION OF PGA LAG

PGA Amount:	$ 86,819	
PGA True-Ups:	$ 57,610	
Residual PGA Amount:	$ 29,209	
Weight on True-Ups:	66.4%	
Weight on Residual:	33.6%	
PGA True-Up Lag:	60.79	days
Residual PGA Lag:	41.45	days
Weighted PGA Lag:	**54.28**	days

Service Beginning Date	PGA Recovery Beginning Date	Nominal Lag	Total Adjustments to Gas Costs before Amortization				Weighting Factor	Weighted Lead
			Commodity Charge Amount	Demand Gas Charge Amount	Take or Pay Charge Amount	Total Amount		
A	B	C	D	E	F	G = D+E+F	H	I = H * C
04/01/02	06/01/02	61.00	$ 1,853,389	$ 670,479	$ (372)	$ 2,523,496	4.38%	2.67
03/01/02	05/01/02	61.00	$ 1,489,871	$ 1,161,821	$ -	$ 2,651,692	4.60%	2.81
02/01/02	04/01/02	59.00	$ 3,341,069	$ (51,146)	$ (372)	$ 3,289,551	5.71%	3.37
01/01/02	03/01/02	59.00	$ 4,233,558	$ 2,838,537	$ (541)	$ 7,071,554	12.27%	7.24
12/01/01	02/01/02	62.00	$ 3,080,337	$ 437,634	$ (372)	$ 3,517,598	6.11%	3.79
11/01/01	01/01/02	61.00	$ 4,923,373	$ 4,265,793	$ (525)	$ 9,188,641	15.95%	9.73
10/01/01	12/01/01	61.00	$ 3,961,351	$ 3,182,988	$ (388)	$ 7,143,951	12.40%	7.56
09/01/01	11/01/01	61.00	$ 2,997,036	$ 3,020,320	$ (486)	$ 6,016,870	10.44%	6.37
08/01/01	10/01/01	61.00	$ 3,999,386	$ 2,488,065	$ (429)	$ 6,487,022	11.26%	6.87
07/01/01	09/01/01	62.00	$ 4,746,251	$ 375,649	$ (494)	$ 5,121,406	8.89%	5.51
06/01/01	08/01/01	61.00	$ 6,177,284	$ 1,327,941	$ (428)	$ 7,504,797	13.03%	7.95
05/01/01	07/01/01	61.00	$ (2,134,814)	$ (771,387)	$ (503)	$ (2,906,704)	-5.05%	(3.08)
Totals			$ 38,668,091	$ 18,946,695	$ (4,911)	$ 57,609,875	100.00%	60.79

Docket 02-0837/03-0008/
03-0009 (Consolidated)
ICC Staff Exhibit 10.0R
Attachment B

Central Illinois Public Service Company
Staff's Calculation of PGA Lag
For the Test Year Ended June 30, 2002
(in thousands)

1	PGA Amount:	$	86,819	
2	PGA True-Ups:	$	647	
3	Residual PGA Amour	$	86,172	
4	Weight on True-Ups:		0.7%	
5	Weight on Residual:		99.3%	
6	PGA True-Up Lag:		69.46	days
7	Residual PGA Lag:		41.45	days
8	Weighted PGA Lag:		**41.66**	days

	Service Beginning Date	PGA Recovery Beginning Date	Nominal Lag	Under/(Over) Recovery for Prior Period Schedule II, line 3 monthly PGA filings				Weighting Factor	Weighted Lead
				Commodity Charge Amount	Demand Gas Charge Amount	Take or Pay Charge Amount	Total Amount		
	A	B	C	D	E	F	G = D+E+F	H	I = H * C
9	04/01/02	06/01/02	61.00	$ 1,279,735	$ (108,540)	$ -	$ 1,171,195	180.90%	110.35
10	03/01/02	05/01/02	61.00	$ 602,437	$ (580,819)	$ -	$ 21,618	3.34%	2.04
11	02/01/02	04/01/02	59.00	$ 721,625	$ (441,114)	$ -	$ 280,511	43.33%	25.56
12	01/01/02	03/01/02	59.00	$ (1,676,716)	$ (2,141,135)	$ 1	$ (3,817,850)	-589.71%	(347.93)
13	12/01/01	02/01/02	62.00	$ (488,780)	$ (578,364)	$ -	$ (1,067,144)	-164.83%	(102.20)
14	11/01/01	01/01/02	61.00	$ (1,510,380)	$ 1,241,772	$ (16)	$ (268,624)	-41.49%	(25.31)
15	10/01/01	12/01/01	61.00	$ (1,153,860)	$ 693,956	$ 16	$ (459,888)	-71.03%	(43.33)
16	09/01/01	11/01/01	61.00	$ 1,156,182	$ 1,309,762	$ (39)	$ 2,465,905	380.88%	232.34
17	08/01/01	10/01/01	61.00	$ 835,922	$ 1,027,698	$ 41	$ 1,863,661	287.86%	175.60
18	07/01/01	09/01/01	62.00	$ 977,668	$ (1,508,089)	$ 8	$ (530,413)	-81.93%	(50.80)
19	06/01/01	08/01/01	61.00	$ 1,160,124	$ (420,829)	$ (1)	$ 739,294	114.19%	69.66
20	05/01/01	07/01/01	61.00	$ 1,147,036	$ (897,895)	$ 9	$ 249,150	38.48%	23.48
21	Totals			$ 3,050,993	$ (2,403,597)	$ 19	$ 647,415	100.00%	69.46

Docket 02-0837/03-0008/
03-0009 (Consolidated)
ICC Staff Exhibit 10.0R
Attachment C

UNION ELECTRIC COMPANY
LEAD LAG STUDY - REVISED
CALCULATION OF PGA REVENUE LAG

PGA Amount:	$ 9,852	
PGA True-Ups:	$ 5,973	
Residual PGA Amount:	$ 3,879	
Weight on True-Ups:	60.6%	
Weight on Residual:	39.4%	
PGA True-Up Lag:	60.98	days
Residual PGA Lag:	40.16	days
Weighted PGA Lag:	**52.79**	days

Service Beginning Date	PGA Recovery Beginning Date	Nominal Lag	Total Adjustments to Gas Costs before Amortization				Weighting Factor	Weighted Lead
			Commodity Charge Amount	Demand Gas Charge Amount	Take or Pay Charge Amount	Total Amount		
04/01/02	06/01/02	61.00	$ 573,982	$ (194,166)	$ (117)	$ 379,699	6.36%	3.88
03/01/02	05/01/02	61.00	$ 640,551	$ (518,836)	$ 395	$ 122,110	2.04%	1.25
02/01/02	04/01/02	59.00	$ 696,068	$ (185,371)	$ (116)	$ 510,581	8.55%	5.04
01/01/02	03/01/02	59.00	$ 810,684	$ (375,781)	$ 396	$ 435,299	7.29%	4.30
12/01/01	02/01/02	62.00	$ 709,482	$ 11,565	$ (112)	$ 720,935	12.07%	7.48
11/01/01	01/01/02	61.00	$ 1,055,253	$ (106,389)	$ 343	$ 949,207	15.89%	9.69
10/01/01	12/01/01	61.00	$ 1,126,084	$ (109,716)	$ 187	$ 1,016,555	17.02%	10.38
09/01/01	11/01/01	61.00	$ 1,135,735	$ 9,552	$ 494	$ 1,145,781	19.18%	11.70
08/01/01	10/01/01	61.00	$ 1,208,039	$ (376,871)	$ 307	$ 831,475	13.92%	8.49
07/01/01	09/01/01	62.00	$ 1,168,045	$ (97,719)	$ 572	$ 1,070,898	17.93%	11.12
06/01/01	08/01/01	61.00	$ (14,661)	$ (535,083)	$ 288	$ (549,456)	-9.20%	(5.61)
05/01/01	07/01/01	61.00	$ (5,312)	$ (655,300)	$ 645	$ (659,967)	-11.05%	(6.74)
Total			$ 9,103,950	$ (3,134,115)	$ 3,282	$ 5,973,117	100.00%	**60.98**

Union Electric Company
Staff's calculation of PGA Lag
For the Test Year Ended June 30, 2002
(in thousands)

1	PGA Amount:	$ 9,852	
2	PGA True-Ups:	$ 1,122	
3	Residual PGA Amount:	$ 8,730	
4	Weight on True-Ups:	11.4%	
5	Weight on Residual:	88.6%	
6	PGA True-Up Lag:	63.22	days
7	Residual PGA Lag:	40.16	days
8	Weighted PGA Lag:	**42.79**	days

	Service Beginning Date	PGA Recovery Beginning Date	Nominal Lag	Under/(Over) Recovery for Prior Period Schedule II, line 3 monthly PGA filings				Weighting Factor	Weighted Lead
				Commodity Charge Amount	Demand Gas Charge Amount	Take or Pay Charge Amount	Total Amount		
9	04/01/02	06/01/02	61.00	$ (124,364)	$ (8,795)	$ (1)	$ (133,160)	-11.87%	(7.24)
10	03/01/02	05/01/02	61.00	$ (190,512)	$ (141,413)	$ (1)	$ (331,926)	-29.59%	(18.05)
11	02/01/02	04/01/02	59.00	$ (45,237)	$ (196,936)	$ (4)	$ (242,177)	-21.59%	(12.74)
12	01/01/02	03/01/02	59.00	$ 70,586	$ (269,392)	$ 53	$ (198,753)	-17.72%	(10.45)
13	12/01/01	02/01/02	62.00	$ (217,159)	$ 122,452	$ (299)	$ (95,006)	-8.47%	(5.25)
14	11/01/01	01/01/02	61.00	$ (5,672)	$ (5,677)	$ (151)	$ (11,500)	-1.03%	(0.63)
15	10/01/01	12/01/01	61.00	$ 25,666	$ 157,440	$ (120)	$ 182,986	16.31%	9.95
16	09/01/01	11/01/01	61.00	$ (105,622)	$ 107,271	$ (78)	$ 1,571	0.14%	0.09
17	08/01/01	10/01/01	61.00	$ 111,739	$ 158,212	$ 19	$ 269,970	24.07%	14.68
18	07/01/01	09/01/01	62.00	$ 1,168,855	$ 534,402	$ (73)	$ 1,703,184	151.85%	94.14
19	06/01/01	08/01/01	61.00	$ (42,456)	$ 78,688	$ 247	$ 36,479	3.25%	1.98
20	05/01/01	07/01/01	61.00	$ (196,291)	$ 136,838	$ (561)	$ (60,014)	-5.35%	(3.26)
21	Total			$ 449,533	$ 673,090	$ (969)	$ 1,121,654	100.00%	**63.22**

Central Illinois Public Service Company
Adjustment to Cash Working Capital
For the Test Year Ended June 30, 2002
(in thousands)

Line No.	Description (A)	Amount (B)	Source (C)
1	Cash Working Capital per Staff	$ -	
2	Cash Working Capital per Company	7,386	AmerenCIPS Exhibit No. 14.6
3	Adjustment to Cash Working Capital per Staff	$ (7,386)	Line 1 minus line 2

Union Electric Company
Adjustment to Cash Working Capital
For the Test Year Ended June 30, 2002
(in thousands)

Line No.	Description (A)	Amouint (B)	Source (C)
1	Cash Working Capital per Staff	$ -	
2	Cash Working Capital per Company	840	AmerenUE Exhibit No. 14.6
3	Adjustment to Cash Working Capital per Staff	$ (840)	Line 1 minus line 2

Central Illinois Public Service Company
Adjustment to Materials and Supplies
For the Test Year Ended June 30, 2002
(in thousands)

Line No.	Description (A)	Amount (B)	Source (C)
1	Materials & Supplies per Company	$ 1,381	Company Schedule B-5
2	Percentage included in Accounts Payable	23%	Response to CIPS-060
3	Materials & Supplies in Accounts Payable	$ 318	Line 1 times line 2
4	Materials & Supplies per Staff	$ 1,063	Line 1 minus line 3
5	Materials & Supplies per Company	1,063	AmerenCIPS Exhibit No. 14.2
6	Staff proposed adjustment to Materials & Supplies	$ 0	Line 4 minus line 5

Union Electric Company
Adjustment to Materials and Supplies
For the Test Year Ended June 30, 2002
(in thousands)

Line No.	Description (A)	Amount (B)	Source (C)
1	Materials & Supplies per Company	$ 47	Company Schedule B-5
2	Percentage included in Accounts Payable	23%	Response to UE-060
3	Materials & Supplies in Accounts Payable	$ 11	Line 1 times line 2
4	Materials & Supplies per Staff	$ 36	Line 1 minus line 3
5	Materials & Supplies per Company	36	AmerenUE Exhibit No. 14.2
6	Adjustment to Materials & Supplies	$ 0	Line 4 minus line 5

Docket 02-0837/03-0008/
03-0009 (Consolidated)
ICC Staff Exhibit 10.0R
Schedule 10.3 CIPS

Central Illinois Public Service Company
Adjustment to Uncollectible Expense
For the Test Year Ended June 30, 2002
(in thousands)

Line No.	Description (A)	Gas Operating Revenues (B)	904 Uncollectible Expense (C)	Uncollectible % (D) (B) / (C)	Source (E)
1	2002 Totals	$ 156,895	$ 1,657	1.06%	Company response to CIPS&UE-TEE-017
2	2001 Totals	162,653	1,202	0.74%	Company response to CIPS&UE-TEE-017
3	2000 Totals	169,363	546	0.32%	Company response to CIPS&UE-TEE-017
4	1999 Totals	124,645	704	0.56%	Company response to CIPS&UE-TEE-017
5	1998 Totals	119,909	768	0.64%	Company response to CIPS&UE-TEE-017
6	5-Year Average			0.66%	Sum of Column (D) lines 1 through 5 divided by 5
7	Total Test Year Company Revenue			$ 148,873	Company Schedule C-1, Col B, line 1
8	Uncollectible Expense per Staff			$ 989	Line 6 times line 7
9	Uncollectible Expense per Company			1,442	Company Exhibit CIPS-027
10	Adjustment to Uncollectible Expense			$ (453)	Line 8 minus line 9

Union Electric Company
Adjustment to Uncollectible Expense
For the Test Year Ended June 30, 2002
(in thousands)

Line No.	Description (A)	Gas Operating Revenues (B)	904 Uncollectible Expense (C)	Uncollectible % (D) (B) / (C)	Source (E)
1	2002 Totals	$ 16,244	$ (247)	-1.52%	Company response to CIPS&UE-TEE-017
2	2001 Totals	17,387	732	4.21%	Company response to CIPS&UE-TEE-017
3	2000 Totals	18,304	(112)	-0.61%	Company response to CIPS&UE-TEE-017
4	1999 Totals	12,128	79	0.65%	Company response to CIPS&UE-TEE-017
5	1998 Totals	10,495	108	1.03%	Company response to CIPS&UE-TEE-017
6	5-Year Average			0.75%	Sum of Column (D) lines 1 through 5 divided by 5
7	Total Test Year Company Revenue			13,606	Company Schedule C-1, Col B, line 1
8	Uncollectible Expense per Staff			$ 102	Line 6 times line 7
9	Uncollectible Expense per Company			399	Company Exhibit CIPS-027
10	Adjustment to Uncollectible Expense			$ (297)	Line 8 minus line 9

Docket 02-0837/03-0008/
03-0009 (Consolidated)
ICC Staff Exhibit 10.0R
Schedule 10.4 CIPS

Central Illinois Public Service Company
Adjustment to Advertising Expense
For the Test Year Ended June 30, 2002
(in thousands)

Line No.	Description (A)	Amount (B)	Amount (C)	Source (D)
1	Ad for CIPS' Environmental Adjustment Clause 07/01	$ 2		CIPS WPC-3.9
2	Notice of Filing the CIPS' Gas Rate Increase	3		CIPS WPC-3.9
3			$ 5	Sum of lines 1 and 2
4				
5	Pro Forma Adjustment to Advertising Expense per Staff		$ 5	Line 6 minus line 3
6	Pro Forma Adjustment to Advertising Expense per Company		10	Company Schedule C-3.9
7	Adjustment to Advertising Expense		$ (5)	Line 5 minus line 6

Docket 02-0837/03-0008/
03-0009 (Consolidated)
ICC Staff Exhibit 10.0R
Schedule 10.4 UE

Union Electric Company
Adjustment to Advertising Expense
For the Test Year Ended June 30, 2002

Line No.	Description (A)	Amount (B)	Amount (C)	Source (D)
1	Ad for UE's Environmental Adjustment Clause 07/01	$ 0.5		UE WPC-3.9
2	Notice of Filing the UE's Gas Rate Increase	0.5		UE WPC-3.9
3			$ 1	Sum of lines 1 and 2
4				
5	Pro Forma Adjustment to Advertising Expense per Staff		$ 1	Line 6 minus line 3
6	Pro Forma Adjustment to Advertising Expense per Company		2	Company Schedule C-3.9
7	Adjustment to Advertising Expense		$ (1)	Line 5 minus line 6

Central Illinois Public Service Company
Adjustment to Charitable Contributions
For the Test Year Ended June 30, 2002
(in thousands)

Line No.	Description	Amount	Amount	Source
	(A)	(B)	(C)	(D)
1	Charitable Contributions per Staff		$ 50	ICC Staff Exhibit 3.0, Schedule 3.5, line 1
2	Charitable Contributions per Company In Direct Testimony	73		Company Schedule C-3.8
3	Adjustment per Company	(23)		AmerenCIPS Exhibit No. 14.5, line 10
4	Adjusted Charitable Contributions per Company in Rebuttal Testimony		50	Line 2 minus line 3
3	Adjustment to Charitable Contributions		$ -	Line 1 minus line 4

Central Illinois Public Service Company
Adjustment to Membership Dues
For the Test Year Ended June 30, 2002
(in thousands)

Line No.	Description (A)	Amount (B)	Amount (C)	Source (D)
1	Membership Dues per Staff		$ 1	ICC Staff Exhibit 3.0, Schedule 3.6, line 1
2	Membership Dues per Company in Direct Testimony	6		Company Schedule C-3.8
3	Adjustment per Company	(5)		AmerenCIPS Exhibit No. 14.5, line 12
4	Adjusted Membership Dues per Company in Rebuttal Testimony		1	Line 2 minus line 3
5	Adjustment to Membership Dues		$ -	Line 1 minus line 4

Docket 02-0837/03-0008/
03-0009 (Consolidated)
ICC Staff Exhibit 10.0R
Schedule 10.7 CIPS

Central Illinois Public Service Company
Adjustment to Customer Deposits and Interest
For the Test Year Ended June 30, 2002
(in thousands)

Line No.	Description (A)	Amount (B)	Amount (C)	Source (D)
1	Interest on Customer Deposits per Staff		$ 10	ICC Staff Exhibit 3.0, Schedule 3.7CIPS, Page 2 line
2	Interest on Customer Deposits per Company in Direct Testimony	18		Company Schedule C-3.8
3	Adjustment per Company	(8)		AmerenCIPS Exhibit No. 14.5, line 8
4	Adjusted Interest on Customer Deposits per Company in Rebuttal Testimony		10	Line 2 minus line 3
5	Proposed adjustment to Interest on Customer Deposits per Staff		$ -	Line 1 minus line 4
6	Customer deposits per Staff		$ (688)	Page 2 line 14
7	Customer deposits per Company		(688)	AmerenCIPS Exhibit No. 14.6, line 7
8	Proposed adjustment to Customer Deposits		$ -	Line 4 minus line 5

Docket 02-0837/03-0008/
03-0009 (Consolidated)
ICC Staff Exhibit 10.0R
Schedule 10.7 UE

Union Electric Company
Adjustment to Customer Deposits
For the Test Year Ended June 30, 2002
(in thousands)

Line No.	Description (A)	Amount (B)	Source (C)
1	Customer deposits per Staff	$ (46)	ICC Staff Exhibit 3.0, Exhibit 3.7UE, Page 2 line 14
2	Customer deposits per Company	(46)	AmerenUE Exhibit No. 14.6, line 7
3	Adjustment to Customer Deposits	$ -	Line 1 minus line 2

Docket 02-0837/03-0008/
03-0009 (Consolidated)
ICC Staff Exhibit 10.0R
Schedule 10.8 CIPS

Central Illinois Public Service Company
Adjustment to Income Tax Expense
For the Test Year Ended June 30, 2002
(in thousands)

Line No.	Description (A)	Amount (B)	Federal Income Tax (C)	State Income Tax (D)	Source (E)
1	Operating Income			$ 6,907	Company Schedule C-1, Column D, line 7
2	Income Tax			1,285	Sum of line 14 Columns C & D
3	Operating Income Before Income Tax			8,192	Line 1 plus line 2
4	Interest Expense			(5,528)	Company Schedule C-6, Column D, line 8
5	Taxable income - State		$ 2,664	2,664	Company Schedule C-6, page 2, line 25
6	State income tax		194		Line 9
7	Taxable Income - Federal		2,470		Line 5 minus line 6
8	Tax rate		35.00%	7.30%	
9	Income Tax Expense per Staff		864	194	Taxable income times line 8
10	Federal Income Tax	$ 1,389			
11	Deferred Income Taxes Account 190	(562)			Company Schedule C-6, page 2, line 37
12	Deferred Income Taxes Account 282	180			Company Schedule C-6, page 2, line 38
13	Deferred Income Taxes Account 283	(35)			Company Schedule C-6, page 2, line 39
14	Income Tax Expense per Company		972	313	
15	Adjustment to Income Tax Expense		$ (108)	$ (119)	Line 5 minus line 10

Union Electric Company
Adjustment to Income Tax Expense
For the Test Year Ended June 30, 2002
(in thousands)

Line No.	Description (A)	Federal Income Tax (B)	State Income Tax (C)	Source (D)
1	Operating Income		$ (975)	Company Schedule C-1, Column D, line 7
2	Income Tax		(206)	Company Schedule C-6, page 2, lines 38 and 39
3	Operating Income Before Income Tax		$ (1,181)	Line 1 plus line 2
4	Interest Expense		(371)	Company Schedule C-6, Column D, line 8
5	Taxable income - State	$ (1,552)	$ (1,552)	Line 3 plus line 4
6	State income tax	(113)		Line 9
7	Taxable Income - Federal	$ (1,439)		Line 5 minus line 6
8	Tax rate	35.00%	7.30%	
9	Income Tax Expense per Staff	(543)	(113)	Taxable income times line 8
10	Income Tax Expense per Company	(206)	-	
11	Adjustment to Income Tax Expense	$ (337)	$ (113)	Line 9 minus line 10